

Semiannual Report to Congress on Audit Follow-up

CORPORATION

FOR NATIONAL



S E R V I C E

October 1, 1994 - March 31, 1995

CNS Semiannual Report Number 3

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INTRODUCTION

This is the third semiannual report to the Congress on management decisions and final actions taken by the Corporation for National Service in response to audits issued by the Office of Inspector General. The report covers the six month period ending March 31, 1995, and is required by the Inspector General Act of 1978, as amended.

Highlights

- Management decisions were made for six audit reports. The total disallowed costs for the reports was less than \$800.
- None of the audit reports issued during the period had a recommendation that funds be put to better use.
- The number of reports for which no final action had been taken within a year of the management decision was reduced by three over the previous report.
- Of the 17 reports in that category, 7 have been forwarded to the Department of Justice for further action. Of the remaining 10, only 1 has disallowed costs.

The following three sections discuss the audit information that is specifically required by the legislation. Tables showing the data are found in the back of this report.

AUDIT REPORTS WITH MANAGEMENT DECISIONS

(see Table 1)

The Corporation considers an audit report to be resolved—or closed—when all corrective actions have been completed. The reporting period began with 35 audit reports for which there had been a management decision but which had no final action. Those reports represented \$502,100 in disallowed costs.

During the reporting period, 6 management decisions were made, disallowing nearly \$800.

Also during the period, final action was taken on 16 audit reports. Of those, 10 had no disallowed costs; 4 made payments totaling \$103,000; and 3 had \$102,300 of debt written off. One report had both a collection and a write-off. All of the write-offs were a result of debt collection efforts and litigation by the Department of Justice.

The number of unresolved reports with management decisions which will be carried over to the next reporting period is 25. The \$297,000 in disallowed costs represented by those reports is primarily from eight debts, originated in the former ACTION Agency, that have been turned over to the Department of Justice for write-off or litigation.

AUDITS WITH MANAGEMENT DECISIONS AND RECOMMENDATIONS TO PUT FUNDS TO BETTER USE

(see Table 2)

There were no audit reports with recommendations to put funds to better use.

AUDITS THAT HAD NO FINAL ACTION WITHIN A YEAR OF A MANAGEMENT DECISION

(see Table 3)

Seventeen audit reports remained open more than a year after the management decision was made. Prior to the beginning of this reporting period, seven of these had been turned over to the Department of Justice for write-off or litigation.

Only 1 of the remaining 10 has disallowed costs. The debt collection for that report is currently being pursued by a private debt collection agency. All but approximate \$300 has been collected and returned to the government.

The other nine audits were of the former ACTION Agency's internal operations. Resolution for all these involve implementing policy and procedural directives.

COMMENTS ON THE INSPECTOR GENERAL'S SEMIANNUAL REPORT

The Inspector General's report includes a factual portrayal of the status of the Corporation's audit follow-up efforts.

Management of the Corporation for National Service supports the redirection of the Office of Inspector General's resources to areas of potential high risk and will work with the Office to improve our programs and operations.

MANAGEMENT DECISIONS NOT MADE WITHIN SIX MONTHS

The Inspector General's report listed eight audits that had not received management decisions within 6 months of being issued. Effective October 1, 1994, the Corporation implemented a major reorganization. Nine regional field offices were combined into five Service Center and Cluster offices. All headquarters' grants functions were consolidated into one grants office. As a result, during the restructuring, some non-monetary audit findings were given a lower priority than were fiscal accountability and continuity.

Four of the reports cited were from audits of one organization. The questioned costs totaled less than \$9,000. A determination has not yet been made on whether the costs will be disallowed.

CONCLUSION

Management of the Corporation for National Service is working closely with the Office of the Inspector General to ensure that the Corporation's programs carry out the purposes of the National and Community Service Trust Act of 1993 effectively and efficiently.

FINAL ACTION TAKEN ON AUDIT REPORTS WITH DISALLOWED COSTS
(for the period October 1, 1994 - March 31, 1995)

	<u>Number of Audit Reports</u>	<u>Disallowed Costs (\$000)</u>
A. Audit reports with management decisions upon which final action had not been taken as of September 30, 1994.	35	502.1 *
B. Audit reports upon which management decisions were made during the six-month reporting period.	6	0.8
C. Total audit reports with management decisions upon which final action was pending during the reporting period (total of A and B).	41	502.9
D. Audit reports upon which final action was taken during the reporting period (total of D.1. through D.4.).	16	205.9
1. Recoveries		
(a) Collections and offsets	4	103.0
(b) Property in lieu of cash	0	0
(c) Other	0	0
2. Write-offs	3 **	102.3
3. Audits with no disallowed costs	10	0
4. Adjustments to the disallowed costs resulting from one appeal decision		0.6
E. Audit reports with management decisions upon which no final action had been taken as of March 31, 1995	25	297.0

* These disallowed costs are taken from the original management decisions and do not reflect revised figures resulting from appeals. Revised amounts will be noted in the reporting period in which the reports receive final action.

** One audit had both a collection and write-off.

Table 1.

AUDITS WITH RECOMMENDATIONS TO PUT FUNDS TO BETTER USE

(for the period October 1, 1994 - March 31, 1995)

	<u>Number of Audit Reports</u>	<u>Funds to be Put to Better Use (\$000s)</u>
A. Audit reports with management decisions on which final action had not been taken at the beginning of the period.	0	0
B. Audit reports on which management decisions were made during the period.	0	0
C. Total audit reports pending final action during the period (Total of A and B)	0	0
D. Audit reports on which final action was taken during the period.	0	0
1. Value of recommendations that were completed.	0	0
2. Value of recommendations that management concluded should not or could not be implemented or completed.	0	0
3. Total of 1 and 2	0	0
E. Audit reports needing final action at the end of the period (Subtract D3 from C)	0	0

Table 2.

Audits That Had No Final Action Within One Year of a Management Decision

(as of March 31, 1995)

None of the 17 audit reports in this table had a recommendation that funds be put to better use.

Audit Number	Auditee	Management Decision		Amount of Disallowed Costs	Reason No Final Action Was Taken by March 31, 1995
		Date			
88-10K & 88-10L	American Legion Post #23	6/15/88 6/15/88		\$ 13,064 25,183	Debt was forwarded to the Department of Justice on June 21, 1991.
88-20	Carson River Basin Council of Governments	9/15/88		45,057	Debt was forwarded to the Department of Justice on June 16, 1992.
87-I-01	St. Paul's AME Church	7/18/89		16,373	Debt was forwarded to the Department of Justice on July 25, 1991.
89-41	Labor Agency of Metropolitan Washington, Inc.	3/23/90		172,774	Debt was forwarded to the Department of Justice on January 16, 1992.
90-PHN-06	Personal Computer Utilization and Acquisition	11/27/90		\$ 0	This operational audit involved no disallowed costs. Resolution will take place upon the issuance of policies and procedures.
90-R2I-31	Seneca Center	3/18/91		0	\$9,231 was owed for unexpended funds. A private collection agency has been successful in collecting some of this debt. Amount currently owed is \$300.
92-HQ-07	The VISTA Health Benefits Plan	8/20/92		0	This operational audit involved no disallowed costs. Resolution will take place upon the issuance of policies and procedures.

Table 3

<u>Audit Number</u>	<u>Auditee</u>	<u>Management Amount of</u>			<u>Reason No Final Action Was Taken by March 31, 1994</u>
		<u>Decision Date</u>	<u>Disallowed Costs</u>		
92-06-75 92-06-76	Cameron Willacy Counties Community Projects	2/9/93 2/10/93	\$ 3,112 4,169		\$55,362 was the total amount owed by the grantee (including unexpended funds and earned interest due the government). The grantee is bankrupt. The Department of Justice is attempting to recover these debts through bankruptcy proceedings.
92-10-59	The Corporation's Regional Office in Seattle	1/11/93	0		This operational audit involved no disallowed costs. Final action will occur with the establishment of an automated travel management system.
92-HQ-05	The Foster Grandparent Program Grant-Making Delivery System	3/29/93	0		This operational audit involved no disallowed costs. Resolution will take place upon issuance of a handbook and reviewing/revising several policies & procedures.
92-HQ-57	The Procurement Process	2/26/93	0		This operational audit involved no disallowed costs. Resolution will take place upon issuance of revised policies and procedures.
93-HQ-05	Contracted Advisory & Assistance Services	4/26/93	0		This operational audit involved no disallowed costs. Resolution will take place upon issuance of revised policies and procedures.
93-HQ-22	Automated Data Processing of Accounting System	9/29/93	0		This operational audit involved no disallowed costs. Resolution will take place upon the implementation of new policies and procedures.

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<u>Audit Number</u>	<u>Auditee</u>	<u>Management Amount of Decision Disallowed</u>		<u>Reason No Final Action Was Taken by March 31, 1994</u>
		<u>Date</u>	<u>Costs</u>	
93-HQ-23	Audit of ACTION Contract 91-043-1006 (the Girard Company)	1/19/94	0	This operational audit involved no disallowed costs. Resolution will take place upon the implementation of new policies and procedures.
93-HQ-07	VISTA Program Audit	3/31/94	0	This operational audit involved no disallowed costs. Resolution will take place upon the implementation of new policies and procedures.

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